

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U 902-E) for an Order Implementing Assembly Bill 265.

Application 00-10-045  
(Filed October 24, 2000)

Application of San Diego Gas & Electric Company (U 902-E) for Authority to Implement an Electric Rate Surcharge to Manage the Balance in the Energy Rate Ceiling Revenue Shortfall Account.

Application 01-01-044  
(Filed January 24, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING  
PROVIDING FOR REPLY COMMENTS**

The Chief Administrative Law Judge's October 30, 2001 letter of transmittal for the draft *Opinion Adopting an Interim Cost Recovery Mechanism for Utility-Retained Generation* (Item 5, Commission agenda for November 8, 2001) provided that comments on the draft decision were due on November 5, 2001 and that reply comments would not be accepted.

In its comments on the draft decision, San Diego Gas & Electric Company (SDG&E) requests that its originally proposed Utility Retained Generation Cost Adjustment Mechanism not be adopted on an interim basis "due to recent events and changed circumstances." Instead, SDG&E now proposes that subject to approval of Advice Letter 1365-E, its current utility-retained generation (URG) ratemaking mechanism be continued in effect on an interim basis.

In its July 16, 2001 motion for approval of the Memorandum of Understanding of SDG&E, Sempra Energy, and the Department of Water Resources, SDG&E proposed separate consideration of proposals for URG and non-URG procurement cost recovery mechanisms. With respect to a long-term URG cost recovery mechanism, SDG&E now takes the position that URG and non-URG procurement cost recovery should be considered on a consolidated record. SDG&E notes that a “forecast of future procurement costs and expected URG costs combine to determine the forecast of total costs,” and that “procurement will be based on supplementing our existing URG, not in a vacuum.”

SDG&E’s comments propose a fundamentally different approach to URG cost recovery, which warrants providing an opportunity for reply comments. Replies to the comments of Office of Ratepayer Advocates, the only other party that filed comments, will also be accepted.

SDG&E’s comments also propose modifications to Decision 01-01-061 with respect to the use of its URG. SDG&E seeks greater flexibility in the dispatch of URG, particularly URG contracts and Qualifying Facility agreements. Irrespective of the merits of SDG&E’s proposals, it would be procedurally improper for a decision on the proposed URG cost recovery mechanism to order modifications to a decision issued in another proceeding. Pursuant to Pub. Util. Code § 1708 and Rule 47 of the Rules of Practice and Procedure, such modifications are more appropriately the subject of a petition for modification of that decision. Therefore, reply comments need not address SDG&E’s proposed modifications to D.01-01-061 and the related discussion. This includes the last paragraph at page 5 of SDG&E’s comments that continues on to page 6; the proposed new finding of fact, new conclusion of law and new ordering

paragraph at p. A-3 of Appendix A; and Appendix B to the comments in its entirety.

**IT IS RULED** that replies to comments on the draft decision may be filed and are due Thursday, November 15, 2001. In addition to service by mail, parties should send reply comments in electronic form to those on the service list that provided an electronic mail address to the Commission, including the undersigned at [msw@cpuc.ca.gov](mailto:msw@cpuc.ca.gov).

Dated November 8, 2001, at San Francisco, California.

/s/ MARK S. WETZELL

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Mark S. Wetzell  
Administrative Law Judge

## **CERTIFICATE OF SERVICE**

I certify that I have by mail, and by electronic mail, this day served a true copy of the original attached Administrative Law Judge's Ruling Providing for Reply Comments on all parties of record in this proceeding or their attorneys of record.

Dated November 8, 2001, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

## **N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.